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UNCLAS KINSHASA 001841

SIPDIS

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SUBJECT: PETROLEUM SHORTAGES IN KATANGA

1. Summary. Petroleum shortages resulting from Zambia closing its border to exports are affecting the Katanga region, home to most of the DRC's copper and cobalt mining. Poor transportation infrastructure and an inefficient parastatal petroleum company leave the GDRC unable to supply the region from other parts of the country. End Summary.

2. DRC petroleum parastatal Cohydro has no refinery or reliable system of transportation to supply the south-east of the country. Cohydro has regularly imported petroleum from Zambia, Tanzania, and South Africa to meet local demand. Most imports are funneled through Zambia to the DRC border crossing at Kasumbalesa.

3. Approximately two weeks ago, the Zambian government closed its border to all petroleum imports into the DRC. (Note: The border was closed to all petroleum imports regardless of their country of origin. End Note.) Zambian authorities cited an increase in smuggling and claimed that Zambian refineries were only producing enough petroleum to meet Zambian demand. (Note: Last year, Zambian officials prevented 150 truckloads of petroleum from crossing into the DRC, demanding payment of USD 100 per truckload. The truckers refused to pay, and the matter was only resolved after bilateral talks between the DRC and Zambia. While some tension still exists regarding the issue of petroleum imports, post does not believe this to have affected the recent Zambian decision to close the border. End Note.)

4. In the past two weeks, petroleum supplies in Lubumbashi have dwindled. Local mining sector sources report that there is currently no jet A1 fuel or gasoline available, and that diesel fuel is being rationed at 10 liters per day. (Note: MONUC has a contract with Shell to supply its forces in the area with gasoline and diesel fuel. Shell flies these supplies into Lubumbashi, leaving MONUC unaffected by the shortage. End Note.)

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